

# BUSINESS

## Hope flourishes for Cornerstone, despite languishing share price

BY CRAIG WESTCOTT

*The Express*

It's not the sexist of Newfoundland's junior mining exploration companies, but Cornerstone Capital Resources remains one of the busiest.

On Monday, the company's share price fell to a 52-week trading low of 23 cents per share. It was the second time in a month Cornerstone's shares dipped to that point, continuing a long slow slide away from the company's 52-week trading high of 95 cents a share.

But company president Jonathan Challis expects the low share price to be temporary.

In a recent interview, he noted the company's share price this fall has been reflective of the market overall.

"We're coming through a period where there's a bit of uncertainty," Challis said. "We haven't put out a

lot of news on properties either."

Still, Cornerstone remains one of the most active juniors in the province. It has eight properties being worked with partner companies through joint venture agreements and five properties that it is exploring on its own. All told, Cornerstone will have completed 12,000 metres of drilling this year.

"It's probably been our most active year in the field since the company was formed," Challis said. "We spent about \$3 million on exploration through joint ventures. We, ourselves, spent just over a million dollars on a couple of properties, so it's been a very productive year. We haven't put a lot of results out yet, but there will be a lot of news coming out over the winter months."

Challis is fairly new to Cornerstone. He took over as president and chief operating officer just over one year ago. His appointment was the culmination of a yearlong man-

agement restructuring. Challis brings 26 years experience to the company, having worked as a mining engineer, financial analyst and mining sector banker in London, England.

### 'NEW THRUST'

The company retained its founding managers and its respected exploration team. But over the past 12 months, Challis has been giving a new focus to its exploration activities, making Labrador a long-term objective. Its priority is the Konrad nickel play, consisting of 470 square km some 50 km or so from Inco's Voisey's Bay deposit.

Falconbridge — Canada's second biggest nickel producer, which lost a multi-billion dollar bidding war for Voisey's Bay — is a joint venture partner on Konrad and also a partner in a larger play covering 5,900 square km surrounding Konrad.

The two companies spent \$750,000 this past year on Konrad.

The goal, of course, is to find another Voisey's Bay type deposit.

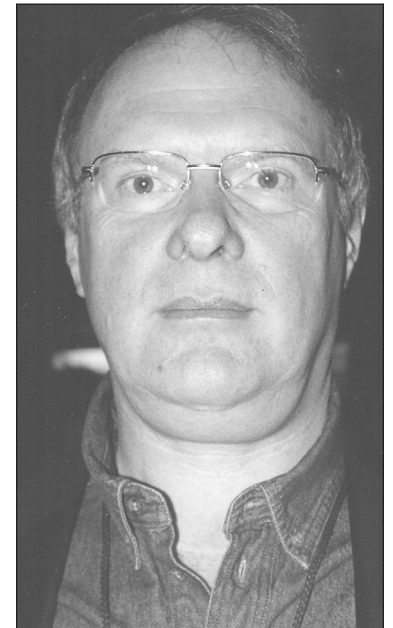
Challis said the Konrad play is very important to Cornerstone.

"It signifies a new thrust for our company in nickel exploration," he said. "We'll be looking at Labrador in a lot more detail. Labrador is a part of the province where we think we'll be putting a lot more emphasis in the future."

Meanwhile, the company still has interesting gold and base metals projects on the island to explore. Its 100 per cent-owned Notre Dame Bay gold project, for instance, recently returned assays with values as high as 54 grams of gold per tonne in grab samples.

Challis said he expects Cornerstone will spend twice as much on exploration in 2005 as it has this year. Newfoundland, he added, is a great place to work.

"You've got very favourable geology all around and it's under-explored," he explained. "As somebody



Craig Westcott/The Express

**Cornerstone Capital Resources president Jonathan Challis on Newfoundland's mineral potential. "You can see the trunk of the elephant on one side, you can see the tail on the other, it's just a matter of trying to find the centre of it."**

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